



September 12, 2006

FDIC

RIN 3064-AD00

Identity Theft Red Flags and Address Discrepancies under the Fair and Accurate Credit Transactions Act of 2003; Proposed Rule

Dear Sir or Madam:

We are writing in regards to the proposed rules requiring financial institutions to implement policies and procedures to identify Red Flags that are relevant to detecting a possible risk of identity theft to customers or to the safety and soundness of the financial institution.

While we agree that identity theft is a growing concern, as a financial institution we have some specific concerns regarding some of the proposed rules. In section 334.91, the proposed rules require financial institutions to have policies and procedures in place for card issuers who “. . . receive notification of a change of address for a consumer’s debit or credit card account and within a short period of time afterwards (during at least the first 30 days after it receives such notification), the card issuer receives a request for an additional or replacement card for the same account.” Under these circumstances, the card issuer may not issue an additional or replacement card unless, in accordance with its reasonable policies and procedures and for the purpose of assessing the validity of the change of address, the card issuer:

- (1) Notifies the cardholder of the request at the cardholder’s former address and provides to the cardholder a means of promptly reporting incorrect address changes;
- (2) Notifies the cardholder of the request by any other means of communication that the card issuer and the cardholder have previously agreed to use; or
- (3) Uses other means of assessing the validity of the change of address, in accordance with the policies and procedures the card issuer has established pursuant to section 334.90.”

Our bank issues debit cards but not credit cards. As a debit card issuer, our concerns with this section are as follows.

- A. When a customer comes in to our bank to request an additional or replacement debit card, our employees have no easy way of determining whether or not there has been a

recent change of address. If staff are required to verify an address change that has taken place within the past 30 days before submitting the customer's request for the additional or replacement debit card, this will increase the amount of time staff will have to spend on the transaction and will also cause inconvenience and time delays to the customer. *Address changes are performed on the person record not the account level. Therefore address changes are not associated to a specific account. To validate that an address change was performed for a customer requesting an additional or replacement card on an account, staff would have to review all person record changes to determine if an address change was performed for the specific customer.*

- B. Our system *will* generate a notice to a customer any time there is a change to the address but the system can not differentiate between a maintenance change such as a spelling correction, changing the word "street" to ST., a typing error, or a legitimate request for a change of address from a customer. The system will generate a notice every time *any* address change is made, resulting in customers receiving notifications that would be confusing to them when they did not actually put in a request for a change of address. The system will not limit this notice to only those customers who have requested replacement or additional debit cards. Generating such a notice would result in great burden on staff to have to manually manage the notification process, and would generate confusion among customers receiving them.
- C. We believe that sending a written notice to a customer's old address could be an information security risk in itself. If the customer has moved and does not have their mail forwarded, the new tenant would receive the bank's notification instead, and could commit fraud with the information.
- D. Our financial institution already has stringent policies and procedures in place to assess the validity of the customer's address every time a consumer opens any type of an account or puts in a request to change their address. Having to verify an address change again upon receipt of a request for an additional or replacement card would be duplication of a process that is already in place, and would serve no additional purpose of verification. Again, this will cause burden on the staff, and inconvenience to the customer who has already been through the address verification process with our financial institution.

While identity theft is a growing concern and there certainly need to be procedures in place to mitigate identified risks, please consider the functionality of financial institutions' systems before implementing a burdensome solution such as the one proposed in this section.

Thank you for allowing us the opportunity to comment and for taking our comments into consideration.

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